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6 FEB 1959

MEMORANDUM FOR: Deputy Executive Officer,
Office of Personnel

SUBJECT: Comments on H. R. 208,
86th Congress

1. This bill to provide Government sponsored group health insurance is a very liberal and comprehensive one. For this reason, a bill with these or similar benefits should definitely be supported. Provisions of Section 5(b) and Section 9 would appear to require renegotiation of our current contract. It is, however, not clear to me as to whether individual contracts under Section 9 can be held by the various departments or whether the Civil Service Commission is going to negotiate directly with the carriers. Some previous bills of this type allowed the individual departments to carry their own basic health insurance with their current carrier and to supplement this with a major medical policy negotiated by the Civil Service Commission. This latter procedure would seem to be more advantageous from an Agency standpoint.

2. Section 10 provides for the Government to pay two-thirds of the basic coverage and all of the major medical coverage. This is what the employee unions have pushed for, but if any such bill is passed I do not believe it will provide for two-thirds payment by the Government, but at best it will be a 50-50 deal. Even with the Government paying 50% of the basic coverage, in view of the broad scope and liberalization provided in this bill, I believe the cost to the employees will be greater than they are currently paying.

3. Further, either a legislative or an administrative exception would have to be created so that payments for this Agency would not go into a common health benefit fund as provided in Section 11.



Chief, Benefits and Casualty Division

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